GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:270
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TEA INDUSTRY
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Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the government propose to tackle the problems of tea industry;

(b) if so, the details thereof;

(c) whether a special package has been prepared by the Government for Tea Industry;

(d) if so, the salient features thereof;

(e) the steps taken by the Government to implement the same;

(f) whether the Government has chalked out programme to popularise the consumption of tea in the domestic market;

(g) if so, the details thereof; and

(h) the steps also taken by the Government to augment the export of tea?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI E.V.K.S. ELANGOVAN)

(a)&(b): Government has taken a number of measures to help the tea industry. The additional duty of excise of Re.1 per kg on tea has been withdrawn in the Union Budget for 2005-06. Government has recently sanctioned two schemes i.e. subsidy for production of orthodox teas and assistance to the two tea Research & Development Institutions from the special fund created with collections of additional duty of excise on tea. A Special Tea Term Loan (STTL) for the tea sector was announced which envisages restructuring/rephasing of irregular portion of outstanding term/working capital loans in the tea sector with repayment over 5 to 7 years and a moratorium of 1 year to small tea growers and bought leaf factories, which is extended on a case to case basis for large tea growers. The STTL also provides for working capital upto Rs. 2 lakhs at a rate not exceeding 9% to small growers. The other measures taken to help the tea industry include implementation of a price sharing formula between small tea growers and manufacturers of tea w.e.f. 1.4.2004, implementation of a price subsidy scheme for small tea growers for a four month period from February to May 2004, reduction in the import duty on items of machinery used to improve productivity and quality of tea, including value addition, to an all inclusive rate of 5% etc. Besides, a number of developmental schemes are also being implemented by the Tea Board during the 10th Five Year Plan for enhancing productivity, quality and marketability of tea produced in the country.

(c) to (e): The most important recommendation that emerged at the stakeholders conference on tea held on 16th and 17th September, 2004 pertained to rejuvenation and re-plantation of old tea bushes with a view to raise the productivity. Detailed costing and modalities of funding this large programme are under consideration of the Government.

(f)&(g): In order to sustain the domestic market, various promotional activities are being undertaken by the Tea Board in addition to the marketing efforts made by the tea industry. This includes issuance of regular advertisements of generic nature in various domestic publications on health and lifestyle aspects of tea, participation in various important fairs and exhibitions all over the country.

(h): Steps taken to increase exports of tea include implementation of a medium term export strategy encouraging production of quality teas specially orthodox type of teas, participation in major trade fairs/exhibitions abroad, lending promotional support to Indian exporters in marketing Indian brands, field sampling at specialty stores and in principal markets, exchange of tea delegations, launching media campaigns to increase consumer awareness, etc. In order to maintain quality and retain the brand equity of Indian teas, Government has issued a new Tea (Distribution and Export) Control Order, 2005 on 01.04.2005.